

SOUTH CENTRAL SCHOOL DISTRICT No. 406
King County, Washington
September 1, 1993 Through August 31, 1994

Schedule Of Findings

1. District Officials Should Improve Associated Student Body Funds Internal Controls Procedures

Our audit of the Associated Student Body (ASB) Fund records revealed weaknesses in internal control procedures at Thorndyke Elementary. We noted the following internal control weakness with ASB and private moneys.

a. Unauthorized moneys and transactions:

- (1) Elementary school officials held Parent/Volunteer/Student Organization (PSO) cash in the school safe. The cash located in several unmarked envelopes amounted to \$255.69 raised from popcorn sales.
- (2) The school safe contained \$320.18 in cash belonging to an employee social fund. This cash should be in a checking account maintained by a teacher.
- (3) The school safe contained \$78.00 in funds donated by the PSO to the principal for student related purposes.
- (4) The school safe held moneys designated Parent/Volunteer/Student Organization for a library book fair and a marine biology field trip for the students in the amount of \$548.55 and \$316.25, respectively. When students, teachers and other employees participate in such events during school time, and on school property, the money must be deposited in the ASB Program Fund or the district's General Fund for curriculum activities.

b. Cash and checks:

- (1) Checks in the school safe dated from January and February 1995 were not deposited until March 1995.
- (2) Review of the popcorn sale activities indicates popcorn is sold for 25 cents a bag. These sales occur every Friday with an estimation in weekly revenues of \$25. Money held in the safe indicates sales have occurred for approximately ten weeks with no deposit made.
- (3) A review of the petty cash fund maintained by the school secretary shows the fund is not maintained at the authorized amount. The fund was short by \$6.98 with no reconciliation or receipt for the amount.

c. Receipts:

- (1) The safe containing money did not have reconciling procedures to substantiate the amounts. The school secretary and/or principal should not take possession of money unless there is proper documentation to support how much money should be there and how it relates to ASB activities.

Article VIII, Section 7 of the Washington State Constitution states in part:

No county, city, town or other municipal corporation shall hereafter give any money, or property, or loan its money, or credit to or in aid of any individual, association, company, or corporation

WAC 392-138-010 Definitions (4) states in part:

"Associated Student Body moneys" means fees collected from students and nonstudents as a condition to their attendance at any optional noncredit extracurricular event, revenues derived for "associated student body programs", and any other monies received by an associated student body for the support of an associated student body program.

RCW 28A.510.270 states in part:

The county treasurer of each county of this state shall be the ex officio treasurer of the several school districts of their respective counties, and except as otherwise provided by law, it shall be duty of each county treasurer:

- (1) To receive and hold all moneys belonging to such school districts, and to pay them out only for legally authorized obligation of the district.

These exceptions resulted from a lack of emphasis placed on appropriate ASB procedures at the school level by the principal and the secretary. Also, these officials did not appear to understand the significance of keeping public and private moneys separate.

The effect of all these weaknesses could cause errors or irregularities to occur, which might not be detected in a timely manner during the normal course of business. In addition, public resources were utilized for monitoring and maintaining private funds.

We recommend district and school officials implement stronger internal control procedures to ensure commingling of ASB fund moneys and PSO fund moneys does not occur in the future.

We further recommend the petty cash fund be maintained at the authorized amount with more stringent controls over the use of the fund.